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Seriously Study Marxist Theory on Economic Crisis

by

Ch'in Cheng-hsien (秦正先)

(Hsüeh-hsi yü P'i-p'an [Study and Criticism], No. 12, December 14, 1974)

At present, a new tempest of economic crisis is violently pounding at the major capitalist countries in the world. The monopoly bourgeoisie and its representatives in the ideological and political fields are watching the development of this economic crisis with grave concern, fearing that it may develop into a "great depression like that of the 1930's."

What is a capitalist economic crisis? How does it happen? Why does it appear periodically? What are its consequences to the economic and political development of capitalism? To explain these questions, it is necessary to make a serious study of the Marxist theory concerning the capitalist economic crisis.

I

As early as 1848, in the great work Communist Manifesto that marked the birth of Marxism, Marx and Engels pointed out that the most outstanding phenomenon of capitalist economic crises was over-production. "In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity--the epidemic of over-production."* The capitalist economic crisis is an economic crisis of over-production. Due to over-production, large quantities of commodities cannot be sold, factories have to be closed, banks collapse, the stock market plunges, unemployment increases sharply, the productive forces are seriously undermined, and the economy of the society as a whole is in a state of paralysis. These are the general characteristics of capitalist economic crises. But bourgeois economists of earlier times denied the possibility that the capitalist system might be beset with the economic crisis of over-production. From the bourgeois classical economists Adam Smith and Ricardo to the bourgeois vulgar economist Say, all of them proceeded from the erroneous premise that "where things are sold, things are bought and a natural balance will be struck between sales and purchases," and refused to acknowledge the possibility of capitalist economic crises of over-production. This fallacy was sternly refuted by Marx.

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* "Communist Manifesto." "Selected Works of Marx and Engels," Vol. I, 1972 edition of People's Publishing House, p. 257.

As Marx pointed out, Ricardo and Say, "in order to prove that capitalist production cannot possibly lead to a general crisis, negate all conditions of capitalist production and all rules of its social mode, all its principles and special distinctions."* It seemed at that time barter trade was still going on in the early days of commodity exchanges. However, since the appearance of currency which was used as the medium for commodity exchanges, buying and selling became separated, "giving rise to the possibility of crisis."** Therefore, the view held by Ricardo and Say that commodity circulation would necessarily strike a balance between buying and selling and so prevent over-production was "a most stupid doctrine."***

From the split between selling and buying in the course of commodity exchanges, Marx already saw the possibility of a latent crisis. At the same time, he pointed out explicitly that the possibility of a crisis was not its actuality. "For this possibility to develop into actuality, there must be a whole series of relationships, which do not yet exist from the viewpoint of simple commodity circulation."** Partial and temporary over-production caused by the separation of buying and selling in the course of commodity exchanges was not over-production in the course of a capitalist economic crisis. In the latter case, over-production is over-production affecting all trades and industries. What is the nature of this over-production? We can see it clearly from an incident that happened in the United States not long ago, in which a large quantity of fresh milk was poured down the sewer.

In two days, July 15-16, 1974, more than 38,000 gallons of fine-quality fresh milk were poured into the sewer by the Adesia (阿特西亚) Milk Company, a milk monopoly organization of Los Angeles and the State of California in the United States, which is affiliated with the Milk Producers Association. The reason for this was over-production, "there being no market for this milk." But at the same time, the price of fresh milk on the market had risen by 84.6 percent since 1967, and many poor people could not afford milk because of its high price. Through various charitable bodies many appealed to the use of this milk for the relief of the hungry. But the monopoly organization, in order to insure a high price and maximum profit, went ahead and poured this fine milk down the sewer.

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* "Theory of Surplus Value." "Collected Works of Marx and Engels," Vol. 26 (II), p. 571.

** Marx, "Capital," Vol. I, "Collected Works of Marx and Engels," Vol. 23, p. 133.

*** Ibid., p. 132.

On the one hand, people are starving; on the other, milk is poured into the sewer. Such is over-production under the capitalist system. But it is by no means absolute over-production--things produced in society that cannot be consumed by the vast masses of the people. It is relative over-production, that is, too many things are produced in relation to the low purchasing power of the masses of the people. This economic crisis of over-production stems from the basic contradiction of the capitalist economy--the contradiction between socialized production and capitalist private ownership.

II

The basic contradiction of capitalism, namely, the contradiction between socialized production and capitalist private ownership, is bound to be manifested as a contradiction between infinitely growing production and shrinking purchasing power of the masses. This contradiction is the most direct cause of capitalist economic crises. Marx pointed out: "The final cause of all actual crises is, as a rule, the poverty of the masses of the people and their restricted consumption. But on the contrary, the impulse of capitalist production is to develop productivity so regardless of all possible consequences that it seems only the absolute capacity of consumption in society sets the limit to productivity."* Large-scale socialized production developed in the course of competition and anarchy in production has "the enormous expansive force, compared with which that of gases is mere child's play."** The capitalists, in order to seek as much profit as possible, are bound to increase their accumulation and expand production; at the same time, cut-throat competition between them also forces them to continue improving their technology and enlarging the scale of production. Thus, capitalist production tends to expand infinitely. However, capitalist private ownership turns a great portion of the value created by the laboring masses into profit which is pocketed by the capitalists. "The consumption of the masses at home is forced to a starvation minimum, thus destroying its own home market."** "The extension of the markets cannot keep pace with the extension of production."** As a result, economic crises of over-production become inevitable.

An economic crisis is an outcome of the contradiction between production and consumption peculiar to capitalism. During the period of the crisis the large-scale destruction of productivity and production brings a temporary, compulsory solution to this contradiction. But since this contradiction stems from the basic contradiction of capitalism, "the contradiction between socialized production and capitalist

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* Marx, "Capital," Vol. 3, 1966 edition of People's Publishing House, p. 561.

** Engels, "Anti-Dühring." "Selected Works of Marx and Engels," Vol. 3, 1972 edition of People's Publishing House, p. 315.

appropriation ends in a violent explosion."* Therefore, the capitalist economic crisis is periodic, and breaks out once in a number of years. This causes capitalist production to develop in a recurrent manner by several stages, that is, "crisis--depression--recovery--boom--crisis."

The Marxist theory concerning capitalist economic crises originating from the basic contradiction of capitalism as well as concerning the cycle of capitalist re-production is of extremely vital revolutionary significance. Only when we are armed with this thinking can we always keep a sober head and not be puzzled by the appearance of "prosperity" in a certain period of the capitalist economy. When World War II had just ended and when many people were bewitched by the false boom of the American economy, Chairman Mao pointed out: "The economic power of US imperialism, which grew during World War II, is confronted with unstable and daily shrinking domestic and foreign markets. The further shrinking of these markets will cause economic crises to break out. The war boom in the United States of America was only temporary. The strength of the United States of America is only superficial and transient."** This scientific thesis of Chairman Mao's greatly boosted the morale of the Chinese revolutionary people and deflated the arrogance of US imperialism and its running dog, the Chiang Kai-shek clique. It inspired the Chinese people with the fighting will to defeat the US and Chiang reactionaries. The historical course of development of the US economy in the 30 years since the War has fully testified to this scientific foresight of Chairman Mao's. Since World War II, the United States has experienced five economic crises and is now facing the sixth and also the most serious economic crisis.

The Marxist scientific analysis of the origin of the capitalist economic crises is of great convincing power inasmuch as it reflects the objective truth. The hypocritical and fantastic nature of the crisis "theories" cooked up by the bourgeois economists to defend the capitalist system is exposed to the glaring light of this scientific truth.

Faced with the stark facts of the capitalist world, the bourgeoisie and its spokesmen, no longer able to deny economic crises, have nevertheless dished up all kinds of absurd crisis "theories," doing their utmost to distort the causes of crises. These crisis "theories" may be roughly divided into two big categories. In one category falls the "theory of under-consumption"; in the other, the "theory of under-investment."

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* Engels, "Anti-Dühring." "Selected Works of Marx and Engels," Vol. 3, 1972 edition of People's Publishing House, p. 315.

** "The Present Situation and Our Tasks," "Selected Works of Mao Tse-tung," Vol. 4, 1968 edition, People's Publishing House, p. 1155.

The "theory of under-consumption" has existed for a long time. Adherents to this theory, from Sismondi to Dühring, invariably viewed under-consumption as the cause of the capitalist economic crisis of over-production. Dühring said: During the period of a crisis "the gulf between stockpiling and marketing has finally widened so seriously," not because there was a surplus of production, but because "the consumption of the people has lagged behind and a low level of consumption has been artificially created." However, it is obviously untenable to attribute an economic crisis to under-consumption. Hitting the nail on the head, Engels said: "The under-consumption of the masses is a necessary condition of all forms of society based on exploitation, consequently also of the capitalist form....But it tells us just as little why crises exist today as why they did not exist before."* In criticizing the Narodniks, Lenin pointed out unmistakably: "Under-consumption....exists in all economic systems, but crises are a distinguishing mark of the capitalist system."**

The "theory of under-investment" came out much later than the "theory of under-consumption." It appeared only after the capitalist economic crisis in the 1930's, and its chief exponent was the highly lauded "authority" of modern bourgeois economics Keynes. Although Keynes and his like also peddled the "theory of under-consumption," they made greater efforts to trumpet the "theory of under-investment," attributing the emergence of capitalist economic crises principally to "under-investment." They believed that if the investment interest of the capitalist could be aroused and if capitalist countries could increase their government expenditures and undertake some public works and other investment projects, greater employment opportunity would be created, a large demand would be generated for the means of production and subsistence, and there would not be an economic crisis of over-production. Keynes, however, did not link up "under-investment" with the capitalist system; instead, he ascribed "under-investment" to the state of mind of the capitalists, to such psychological factors which "turn optimism into pessimism" for the investment market.

It was meaningless for Keyes and the others like him to dwell on increasing employment opportunity and avoiding over-production by increased investment in isolation from given capitalist conditions. Marx pointed out long ago: Capitalist over-production was by nature relative, and not absolute, and it did not mean that "in order to enable that part of the population with labor capacity to find employment, too much means of production has been produced."*** Quite apart

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* Engels, "Anti-Dühring," p. 325.

** "On Economic Romanticism." "Collected Works of Lenin," Vol. 2, pp. 132-133.

*** Marx, "Capital," Vol. 3, p. 281.

from the limitations of the capitalist mode of production, capitalist countries "have not produced sufficient means of production so that under conditions of maximum production efficiency all persons with labor capacity are given employment opportunity."* However, no capitalist would increase his investment for the sake of creating employment opportunity for labor. Whether a capitalist would increase his investment and what form his investment would take are definitely not decided by such inscrutable psychological factors as "optimism" and "pessimism," but by whether he can make a profit and the rate of the profit, and the capitalist's pursuit of profit, in turn, causes over-production to appear periodically.

The aim of both the "theory of under-consumption" and the "theory of under-investment" is to make things look like this: Capitalist economic crises do not originate from the capitalist economic system itself, and so, under the premise of preserving the capitalist system, such crises can be solved by making a slight improvement of the capitalist system. The under-consumption of the masses, for instance, can be dealt with by Dühring's "principle of equitable distribution"; "under-investment" may be dealt with by Keynes' deficit financing and other means. And so on and so forth. But the Marxist theory of economic crsises tells us: "The basis, the cause, of economic crises of over-production lies in the capitalist system of economy itself."** Although bourgeois economists have made out prescription after prescription for curing these crises, yet crisis after crisis has attacked the capitalist world. Stalin said rightly: "If capitalism could adapt production not to the obtaining of the utmost profit, but to the systematic improvement of the material conditions of the masses of the people, and if it could turn profits not to the satisfaction of the whims of the parasitic classes, not to perfecting the methods of exploitation, not to the export of capital, but to the systematic improvement of the material conditions of the workers and peasants, then there would be no crises. But then capitalism would not be capitalism. To abolish crises it is necessary to abolish capitalism."***

III

Marxism not only scientifically explains the nature and origin of crises, but also attaches tremendous importance to an analysis and study of their consequences, so that the struggle strategy of a proletarian political party can be decided on the basis of scientific conclusions derived from such a study.

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* Marx, "Capital," Vol. 3, p. 282.

** "Political Report of the Central Committee to the 16th Congress of the C.P.S.U. (B)." "Collected Works of Stalin," Vol. 12, p. 214.

*** Ibid., p. 215.

The capitalists always try their best to free themselves from crises by such means as laying off workers, reducing their wages and aggravating the working conditions. "As business declines further, the need becomes greater to obtain more profits from existing businesses. As factories operate at under-capacity, the need becomes greater to prolong the time of surplus labor."* Economic crises sharpen the relative and absolute impoverishment of the proletariat and intensify the contradiction between the proletariat and the bourgeoisie to an unprecedented extent. Such consequences of capitalist economic crises are also manifested markedly in the current crisis. In the United States, Britain and Japan, thousands of medium and small enterprises collapse every month. Large monopoly capitalist enterprises are also drastically cutting back on production. The All-Japan Cotton Textile Manufacturers Association has announced that the production of cotton textile mills is to be reduced by 36 percent in the period from December 1974 to June 1975. This foretells that large numbers of textile workers will join the army of the unemployed. The British Prime Minister Wilson openly called on British workers to "voluntarily restrict their wages" in the "spirit of complete dedication," so that the British bourgeoisie might overcome "the worst economic crisis facing this country since World War II." On the one hand there is unemployment and reduction in income, and on the other the living cost is soaring daily -- this stark reality is raising the consciousness of the proletariat of capitalist countries and enhancing its unity, sharpening daily the class contradiction between a small handful of monopoly capitalists on the one side and the masses of workers, petty producers and other wage earners on the other.

During the period of an economic crisis, the capitalist countries invariably try their utmost to shift their crisis onto their colonies and dependent states, desperately dumping their surplus commodities and further depressing the prices of raw materials there. China before the liberation was a semi-colonial, semi-feudal country, which in a hundred years and more since the Opium War had suffered much from capitalist economic crises. During the economic crisis of the capitalist world in the 1930's, the imperialist dumping policy caused the national industrial and commercial establishments, which were already very weak, to go bankrupt one after another. Shanghai had 113 silk filatures; in 1932, except for one or two which were still operating under adverse conditions, the rest had all closed. The prices of farm produce and raw materials such as silk and tea leaves fell sharply and output dropped drastically. In 1932 the gross value of exports fell by almost 50 percent compared with 1929. As a result, workers were unemployed; peasants and handicraftsmen went bankrupt or partially bankrupt. In the current world capitalist economic crisis, US imperialists are arrogantly threatening the Arab countries, blaming the American

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* Marx, "Capital," Vol. I, "Collected Works of Marx and Engels," Vol. 23, p. 269.

economic crisis and inflation on higher oil prices and asking the Arab countries to reduce their oil prices by a big margin. They also want to do things the old way and ask the people of colonies and semi-colonies to fill the role of scapegoat for the capitalist economic crisis. However, this time they are bitterly rebuffed by the countries of the Third World. The economic crisis will surely intensify the contradiction between imperialism and the people of colonies and semi-colonies.

The economic crisis will also further aggravate the struggle among imperialist countries for markets, raw materials and investment opportunities -- a struggle, viewed from the historical perspectives, often leads to war among imperialist powers. In the current economic crisis, the two superpowers -- the United States and the Soviet Union -- are locked in a most acute contention around Mideast oil. The US imperialists both woo and intimidate the Mideast Arab countries. At one moment they proposed issuance of special bonds to absorb the large amounts of "oil dollars" of the Arabs; at another time, baring their ferocious features, they threatened to take over the Arab oilfields by force and to cut off food supplies to the Arab countries. The Soviet revisionist social-imperialists are even more sinister and vicious. Taking "military aid" as a weapon, they try their best to put the Arab countries under their control and, taking advantage of others' danger, to extort large quantities of oil and US dollars from the Arab countries when the latter are in a critical military confrontation with Israel. The Soviet revisionist chieftain Brezhnev has announced his forthcoming visit to the Middle East with a desire of bringing the oil receipts of the Arab countries amounting to several tens of billions of US dollars deposited in the Western countries into the Soviet Union so as to deal a severe financial blow to the United States. The two superpowers are clamoring for "detente," but in reality they are bitterly contending with each other, with each trying to edge the other out.

In short, the world economic crisis of capitalism is sure to sharpen all basic contradictions of the capitalist world to an unparalleled extent. Engels pointed out: "Crises are one of the most powerful levers of political change."* In his analysis of the consequences of the economic crisis of the 1930's, Stalin pointed out:

"In a number of countries the world economic crisis will grow into a political crisis.

"This means, first, that the bourgeoisie will seek a way out of the situation through further fascization in the sphere of domestic policy, and will utilize all the reactionary forces, including Social-Democracy, for this purpose.

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* "Letters from Engels to E. Bernstein (January 25, 31, 1882)." "Collected Works of Marx and Engels," Vol. 35, p. 258.

"It means, second, that in the sphere of foreign policy the bourgeoisie will seek a way out through a new imperialist war.

"It means, lastly, that the proletariat, in fighting capitalist exploitation and the war danger, will seek a way out through revolution."*

These theories of Marxism concerning the consequences of capitalist economic crises are of immense significance in guiding us to observe and study the development of the international situation in the midst of the current capitalist world economic crisis. This crisis has further proved that the capitalist economy has reached the end of its road, and a revolutionary epoch of tumultuous changes has arrived. The world situation characterized by great upheaval, great division and great reorganization is changing at an accelerated pace because of war and revolution conceived in the crisis. No matter how the monopoly bourgeoisie in imperialist and social-imperialist countries has strengthened its fascization and no matter how the Soviet revisionists and US imperialists are colluding and contending with each other and are stirring up trouble and new wars in various parts of the world, as long as the revolutionary people of the world do not relax their vigilance but are fully prepared and persevere in struggle, the result will inevitably be that imperialism and social-imperialism will continue to suffer new defeats and the revolutionary people of the world will continue to win new victories.

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* "Political Report of the Central Committee to the 16th Congress of the C.P.S.U. (B)." "Collected Works of Stalin," Vol. 12, p. 222-223.

How To Look at the Current Capitalist Economic Crisis

- Summary of opinions presented at an academic symposium

(Hsüeh-hsi yü P'i-p'an [Study and Criticism], No. 12, December 14, 1974)

Recently an academic symposium was held in Shanghai to conduct preliminary discussion on such questions as the state and characteristics of the current economic crisis in capitalist countries, the cause of its emergence, the trends of its development and its possible consequences. It was attended by more than 120 persons, including members of the international problems research units of the Futan University and the Shanghai Normal University, research and practical workers of the Shanghai branch of the Bank of China and the Shanghai Municipal Foreign Trade Bureau, and comrades of the workers theoretical study groups of Shanghai No. 5 Steel Mill, the Huchiang Machinery Plant, and the No. 10 Department Store.

1. On the nature of the current capitalist economic crisis.

Comrades at the symposium viewed the current economic crisis in the capitalist world as more serious and profound than any of the successive economic crises that broke out since World War II. The slump in production, closure of enterprises, the increase in the number of unemployed workers, the vicious development of inflation, the plunge of the stock market, the considerable adverse balance of international payments -- all these indicated clearly that the current crisis had surpassed in degree the successive crises since the war. Moreover, the fact that this crisis broke out simultaneously in the major capitalist countries made it more difficult for imperialist countries to adopt measures to shift the economic crisis onto others. Hence, they found it harder to free themselves from the plight of this crisis.

In the course of discussion, some comrades put forward the following differing opinions concerning the nature of the current crisis.

Some held that the current crisis was manifested chiefly as the monetary and financial crisis and inflation in the major capitalist countries. However, industrial and farm output had fallen only by a small margin; for some products the demand exceeded the supply, and in some cases output had fallen for a period of time only to rise slightly again and then became stagnant. Therefore, the current crisis was largely a financial and monetary crisis; the crisis of over-production had not yet been formed at the present time.

Others maintained that, in spite of the different forms of manifestation the current crisis took, essentially it was still a periodic crisis of over-production. Some also stated that as far as the capitalist economy was concerned, the fall in two consecutive quarters of the gross national product signified economic recession

or economic crisis. On the present occasion, the gross national product of the United States and other major capitalist countries had declined for three consecutive quarters already. Moreover, in observing the capitalist economic crisis, one must not look at production alone; one must also make a comprehensive study in the light of the state of all sides. This must be stressed because the current economic crisis had just begun. Historically, many economic crises began with a financial and stock market crisis. The current financial and monetary crisis of the capitalist countries was interwoven with the slump in output. Recently the price index of industrial stocks in major capitalist countries had fallen sharply, there was a huge deficit in foreign trade and vicious inflation -- all these factors were bound to be further reflected in production and aggravate the crisis of over-production.

2. On the trends of the current capitalist economic crisis.

It was unanimously agreed that the current economic crisis in the major capitalist countries would continue to develop and would persist for a period of time. As to whether the current crisis would reach the proportions of the economic crisis of 1929-33 in depth and severity, there were two kinds of opinions.

Some comrades held that as the gross national product in the major capitalist countries had fallen by only a small margin and in some countries had even risen slightly, there were yet no signs of the same general and sustained decline as happened in the 1930's. Particularly in the first half of this year, import-export figures and the volumes of trade in most major capitalist countries were still higher than in the corresponding period of last year. At the same time, coupled with such factors as speculation and inflation as well as the strengthening of the role of state monopoly capitalism, this had exerted certain effects in softening and restraining the current economic crisis. For these reasons, the current crisis would not develop to the extent where it would be as serious as the economic crisis of the 1930's.

Other comrades took the view that since the current crisis was still developing, it could not be said that it would not develop to the same serious extent as the economic crisis of the 1930's. If we compared the present crisis with that of the 1930's, we would see that judging by increased stocks, the drastic falls in the output of the car manufacturing and construction industries and the adoption by many capitalist countries of stronger measures to control imports and exports, the current crisis was similar to that of the 1930's and in some instances manifested itself in an even more acute form. Furthermore, the present crisis was different in some respects from that of the 1930's. For instance, banks collapsed the moment the crisis began and not after the decline of industrial and farm output; on this point, the financial crisis was even more serious than that of 1929. For another example, when the present crisis occurred, private debts in the United States and other major capitalist countries ran as high as over 90 percent of

the annual income. As a result, it would be more difficult to sell the commodities and the market would shrink further. Moreover, the struggle among the capitalist countries for markets would be intensified, thereby deepening the contradictions and difficulties of the capitalist economy. Therefore, judged by the trends of development, we could not rule out the possibility that the present crisis might be more serious than that of the 1930's.

3. On the impact of higher oil prices on the economic crisis.

"The origin and cause of the economic crisis of over-production stem from the capitalist economic system itself. The origin of the crisis lies in the contradiction between the social character of production and the capitalist ownership of the fruits of production." The current economic crisis was not, as stated by the Western bourgeoisie, due to the higher oil prices charged by the Arab oil-producing countries. This was a view shared by all comrades present at the meeting. However, as to how to assess the influence and effect of higher oil prices in the course of development of the present capitalist economic crisis, there were two kinds of opinions:

Some comrades held that while the first increase in oil prices by the oil producers was in October last year, output stagnation and trends of decline and signs of soaring commodity prices and a huge adverse trade balance already appeared as early as in the summer of last year. Therefore, higher oil prices could not be construed as a factor causing the present economic crisis and inflation. Moreover, oil, used as fuel, was a little more than one percent of the industrial cost and could not become a cause of soaring commodity prices and inflation. The current output decline in capitalist countries also began with those sectors which were not significantly related to oil, and in this connection the brunt was borne by the construction industry. Therefore, for the monopoly capitalists to attribute higher oil prices to the production decline was to confuse black with white. In March this year the Mideast oil-producing countries abolished their embargo and oil exports had already returned to the level before the fourth Mideast war. However, the output of the major capitalist countries had not markedly risen but had declined generally. This fact also indicated the absence of direct causation between higher oil prices and the economic crisis.

Other comrades maintained that the economic crisis was an inevitable outcome of the capitalist system itself. But the use of oil as a weapon by the Arab countries to fight against hegemony had dealt heavy blows to imperialism, particularly those capitalist countries which depended entirely or basically on oil imports. The increase in oil prices disrupted the price structure of these countries and aggravated their inflation and adverse trade balance, thereby further deepening and worsening the crisis. Hence, higher oil prices exposed the feeble and decadent economic foundation of the major capitalist countries and played the role of promoting the imperialist economic crisis. These comrades

also held that these Arab countries had for long in the past suffered from brutal exploitation by imperialist monopoly capital and the prices of raw materials such as oil had been consistently depressed below their value. Now, the increase in oil prices could only mean that the price of oil had basically approximated its value. Fundamentally speaking, moreover, the increase in oil prices was forced by the inflation of monopoly capital and was thus entirely justified.

4. On the role of inflation in the development of the economic crisis.

Some comrades opined that the general occurrence of inflation in the capitalist world was one of the causes of the present economic crisis. The reason was that inflation enabled the monopoly capitalists to make more super-profits. By converting part of the surplus value into capital, the monopoly capitalists could increase their investment in equipment and further expand their productive capacity. In the United States, for instance, investments in fixed assets in 1973 rose by 13 billion US dollars over 1972. At the same time, inflation also caused the workers' real wages to fall, reducing the ability to pay for the essentials and purchasing power. It was precisely the vicious development of inflation that had sharpened the contradiction between the relative shrinking of the consumption capacity and the blind expansion of the productive capacity. Therefore, beginning with inflation, the greatly expanded production capacity due to increased investments in fixed assets could not be accommodated by the consumer market, and this was an important cause of the outbreak of the present economic crisis.

Some comrades disagreed with this view. They believed that inflation was a counter-crisis measure adopted by the capitalist countries and had the effect of temporarily "easing" the economic crisis. When the economic crisis of the 1930's broke out, the capitalist countries adopted an economic laissez-faire policy, causing output and commodity prices to fall. But since then and particularly since World War II, the imperialist countries had one after another taken the road of militarizing their national economy, and the monopoly capitalists had, through expanding the expenditures of the state budget, carried out huge purchases and invested heavily as well as easing credit as a means of stimulating the economy. These measures of slow inflation had to a certain extent played the role of temporarily stimulating production. That was the reason why, in the course of the development of the present crisis, drastic falls in industrial output similar to those during the economic crisis of the 1930's had not taken place in the capitalist countries and why the prices of some commodities had even risen slowly.

There were also comrades who argued that the role of inflation in the course of development of an economic crisis had to be analyzed both from its short-term and long-term effects. They stated that the use of inflationary measures by capitalist countries to stimulate production since the war might, in the short run, "postpone" the outbreak of crises and bring about a temporary boom. Yet, in the long run,

continued use of such means would result in continuous blind expansion of capitalist production capacity and the relative contraction of the purchasing power of the laboring people, thereby necessarily deepening the contradictions inherent in capitalism and aggravating economic crises. At present, the rate of inflation in the major capitalist countries was as high as 10 to 20 percent, with increasing little room for maneuver. If inflation continued to be used to stimulate the economy, it would only lead to continuous accumulation of crisis factors, and eventually more serious economic crises would surely break out and the whole of the capitalist world would certainly plunge into greater disasters.

5. On the influence of the current economic crisis.

An economic crisis is bound to accentuate the basic contradictions of capitalism and hasten the destruction of the capitalist system. As Marx and Engels pointed out, "crises are one of the most powerful levers of political change." "A new revolution is possible only after the appearance of a new crisis."

Many comrades pointed out that in October this year the number of unemployed in the United States had reached 5.5 million, other capitalist countries had also seen their unemployment figures increased sharply, and employed workers were faced with the threat of unemployment. In particular, the practice of inflation by monopoly capital in order to shove the crisis onto others had caused steep rise in the prices of consumer goods and a continuous decline of the workers' real wages. The relative and absolute poverty of the working class was daily intensifying the class contradiction between the proletariat and the bourgeoisie in capitalist states. At the present time the workers movements were developing vigorously and strikes had arisen wave upon wave and become bigger in scale in the major capitalist countries. In the United States more than 3,240 strikes were reported in the first half of this year, and in July the number of strikes jumped sharply to 1,130. The bourgeois newspapers cried aloud with alarm that this was the "highest record since the late 1940's." The economic crises had also greatly sharpened the political and social crises in capitalist countries, as evidenced by the ever more tottering reactionary rule of monopoly capital and the unstable political situation in many Western countries.

Many comrades also pointed out that the capitalist economic crisis had aggravated the contradiction and struggle among imperialist countries, as manifested primarily in the increasingly fierce trade and material resource wars in the capitalist world. Apart from the mutual contention among the capitalist imperialist countries for commodity markets and investment grounds, the Soviet revisionist social-imperialists, in order to extricate themselves from their own economic plight, had also taken advantage of the economic crisis of capitalist imperialism to plunder the house while it was on fire, thereby sharpening the contradictions between them and capitalist imperialism, particularly US imperialism. The struggle between the two superpowers for world

hegemony is the root-cause of world unrest. The threat of imperialist war still exists and we must heighten our vigilance against it.

Many comrades also stated that when confronted with an economic crisis, imperialist countries invariably tried their utmost to shift by various means the serious consequences of the crisis onto the people of the Third World. This could not but further arouse the people of the vast areas of colonies and semi-colonies to unite together and launch a struggle against imperialism. At present, countries want independence, nations want liberation, and the people want revolution -- this has become the main trend of the world. The unity of the people of the Third World to rise up against imperialism and hegemonism is bound to make more acute the various contradictions of imperialism and hasten its collapse.

The symposium is still continuing.

(Collated by Yang Ling and Chou Hung)

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Economic Crisis and Political Revolution

- Observations from the study of The Class Struggles in France, 1848 to 1850

by

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(Hsüeh-hsi yü P'i-p'an [Study and Criticism], No. 12, December 14, 1974)

The unprecedented bourgeois democratic revolution which erupted in Europe in 1848 swept the European continent like a hurricane. The revolutionary upsurge stemmed from the June uprising of the Paris proletariat. In discussing the causes of the Revolution of 1848, Marx pointed out: "The potato blight and the crop failures of 1845-46 increased the general ferment among the people. The dearth of 1847 called forth bloody conflicts in France as well as on the rest of the Continent." (Selected Works of Marx and Engels, Vol. I) Engels also pointed out: "The depression in industry and trade in 1846-47 and the crop failures led to the Revolution of 1848." (Complete Works of Marx and Engels, Vol. VIII) Our conscientious study of the brilliant work The Class Struggles in France, 1848 to 1850 (hereafter Class Struggles) in respect of the relations between the economic crisis of 1847 and the European Revolution of 1848 would be immensely helpful to our understanding of the current economic crisis gripping the capitalist world and the consequences of its development.

Economic crisis is a companion of the capitalist system and its inevitable product. Since its inception capitalism has contracted this incurable illness. With the continued intensification of the capitalist society's basic contradiction, the contradiction between the social character of production and the capitalist system of private ownership of means of production will inevitably lead to ever deepening and ever violent economic crises. Even at the end of the 18th century in England, the first capitalist country, suffered over-production in individual industrial sectors. The first nationwide industrial crisis erupted in that country in 1825. This was accompanied once every few years by the recurrence of economic crises, with the one that occurred in 1836 affecting the US. Already heralded in 1845 by the wholesale reverses and bankruptcy of the speculators in railway shares in England, the economic crisis finally burst in that country in 1847. The after-effect of this crisis in the US and on the European continent had hardly spent itself when the first worldwide economic crisis broke out.

The devastation of trade and industry caused by the economic epidemic coincided with the potato blight and the crop failures of 1845-46 and brought about serious famine, making the crisis particularly unbearable. In England, by November 1847, 200 out of 920 plants had closed down, with a 25 percent drop in industrial output. In France the business of the Bank of France showed a slump of from 2,700 million to 1,800 million francs,

with many provincial banks having suspended payments. The output of coal fell from 5,153,000 metric tons in 1847 to 4,000,000 metric tons in 1848. The output of iron likewise dropped from 592,000 metric tons to 472,000 metric tons. The total value of industrial production in Paris registered a drop from 1,463 million francs in 1847 to 677 million francs in 1848. In the paper-making industry at Anglam, 12 out of 25 mills were shut down. This situation resembled that described by Marx and Engels in the Communist Manifesto: "In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity." "Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed." (Collected Works of Marx and Engels, Vol. I)

Both Marx and Engels repeatedly pointed out: "Crisis is one of the most powerful levers for political reform." (Collected Works of Marx and Engels, Vol. XXXV) The economic crisis of capitalism rapidly aggravates the contradictions of the classes in society and make the wrangling within the ruling classes go beyond the conventional limits. This brings instability to the political situation and thus accelerates the upsurge of political revolution.

The economic crisis of 1847 brought untold hardships to the working class and the vast numbers of the laboring people. Because of the stock market slump and the closing of banks and factories, large numbers of workers were invariably unemployed. During 1847-48 some 70 percent of the textile workers in Lancashire were either totally unemployed or semi-employed. Two-thirds of the French workers at Sedan, Saint Tadin and Calais were out of work. In early 1848 more than 100,000 workers in Paris alone lost their right to work and to live, becoming stranded in the street and suffering hunger and cold. The capitalists stepped up the exploitation of those workers employed by them by universally reducing wages, increasing labor intensity and extending working hours. During the 1847 crisis the wages of English textile workers dropped by over 10 percent while the wages of their French counterparts even went down by 50-60 percent. To help reduce the losses sustained by the capitalists from the crisis, capitalist countries invariably tried every means to shift the crisis to the working people. French peasants then had to bear heavy taxes and miscellaneous levies, with their fixed expenditures such as loans, rents and interest going up all the time and large numbers of peasants having been forced to drift into the cities to become the reserve force of industrial workers. The vast numbers of economically vulnerable handicraft workers and small entrepeneurs went bankrupt under the crushing blows of the crisis. This gave the big factory operators and big traders in Paris an opportunity to swallow up their victims and expand their operations. This "pathetic state of the masses of the people" was the basic cause of the February Revolution.

The economic crisis of 1847 rapidly encompassed all the classes and strata of capitalist society and intensified the contradictions between the working class, the peasantry and the handicraft workers on the one

side and the big propertied class and big landowners on the other. By then the class contradiction had reached the boiling point. Throughout France during this period the rioting of the starving masses was of frequent occurrence. The hungry people of Passemait rose and attacked the speculators, destroying the farmsteads of landowners and seizing provincial granaries. Although the disturbances were brutally put down by the reactionary government, rioting continued across the land with increasing violence and glowingly manifest political overtones. At the same time the workers staged strikes everywhere and held demonstrations and processions to oppose forced wage reductions and the tyranny of the July monarchy. The revolutionary struggles of the masses in England were likewise on the upsurge. The jobless workers in Glasgow issued the slogan "Revolution if we are not given bread." Armed clashes between the workers and the reactionary troops occurred in some areas. The "potato revolution" erupted in Berlin in April 1847. The reactionary authorities mobilized nearly all of Berlin's garrison forces in putting down the disturbances but only incited the people to resist more fiercely. These nationwide disturbances such as rioting, industrial strikes, demonstrations and processions indicated that under the impact of the crisis the reactionary ruling classes no longer were able to govern the people with so-called "peaceful" means and had to resort to bloody suppression. However, contrary to the subjective wish of the ruling classes the greater the suppression, the fiercer the resistance. And the more ruthless the ruling classes were in dealing with the working class and the toiling people through the use of terror, the faster the crisis of the revolution came to a head. The vast numbers of the working class and the laboring people could no longer bear it. The European continent was just like a stack of dry firewood and a single spark could start a prairie fire.

The intensification of the basic contradiction in society coincided with the ever increasing aggravation of the contradictions within the ruling classes. Political corruption and the changing political situation characterized the universal symptoms of the European political scene during this period. In France the reactionary Guizot Cabinet was holding the reins of government, with political corruption, malpractice, theft, embezzlement and irregularities infesting every government department and with political scandals growing in number and in depravity. In his memoirs, Marc Caussidiere, a petty bourgeois democrat who joined the Revolution of 1848, gave a vivid account of the depravity of the Guizot regime. He wrote: "The senior ministers, French nobles and wealthy people were all accused of corrupt practices, ranging from one duke who had been convicted of forgery and fraud to the Prince Regent's henchmen who had misappropriated state funds and assets and perpetrated other misdeeds for selfish ends...."

Within the four walls of the Guizot regime there was in fact nothing but the meanest and dirty deals. In these circumstances the struggles for power and personal gain had raged even more fiercely within the ruling classes, with bourgeois political factions and groups, such as

the "monarchic opposition faction," "bourgeois republican faction," "reform newspapers faction" and "national newspapers faction," making their appearances one after another and attacking and exposing each other's misdeeds. Some attacked the "July monarchy" for its corruption. Some advocated the setting up of what was called an "honest government." In the name of "giving banquets," the bourgeoisie in industry held political rallies to trumpet the reform movement. These were stirrings and clamorous agitations which were discernible everywhere. As innumerable political scandals were uncovered, the Guizot regime had to expel a number of colleagues in an effort to keep itself going. But all this was to no avail. Within the French ruling clique at the time a Doomsday feeling which manifested itself in the verse "Flowers fall off, do what one may" prevailed. Everyone of them sensed that the storm would come sooner or later but each hoped that the storm would befall his neighbors after he himself had amassed enormous wealth. They might even repeat the words of Louis XV: "After my death I shall no longer be afraid of the rising deluge!" These desperate people who had made away with enormous wealth from the state and squandered their ill-gotten riches and indulged in depravity of every type were no better than the rebirth of the lumpenproletariat on the heights of bourgeois society. This was the mental outlook of the reactionary ruling classes at the end of their rope. In England at the time, the Tory and the Whig -- the two major political parties -- were locked in endless squabbling, with the chambers having undergone frequent changes. The ruling cliques in other European countries were likewise plagued by divisions and disorder. The ruling classes were no longer able to carry on as usual for the revolution had ripened.

Lenin once pointed out: "Without a revolutionary situation revolution would be impossible." "Generally speaking, a revolutionary situation is characterized by these factors ... (1) The ruling classes would not be able to maintain their rule as before; certain crises of the 'top level,' that is, the political crisis of the ruling classes, began to crack as a result of the anger and discontent of the oppressed classes ... (2) The poverty and misfortunes of the oppressed classes intensified beyond normal limits. (3) Due to the reasons given above the activism of the masses was greatly raised." (Selected Works of Lenin, Vol. II) The economic crisis of 1847 plunged economic as well as social life of all European countries into chaos, resulting in the inescapable outbreak of the revolution. The Sicilian uprising of January 1848 signaled the beginning of almost simultaneous revolutions which swept quite a few European countries. This was followed soon afterward by the February Revolution in France which toppled the July monarchy. Under the impact of the February Revolution the March uprising which broke out in Vienna toppled the reactionary rule of Metternich. This greatly inspired the German people who successfully staged the Berlin uprising in March. At the same time the revolutionary movement engulfed Hungary and Italy. The revolutionary storm rocked the whole of Europe.

The Revolution of 1848 culminated in the June uprising of the Paris proletariat. Demanding the "elimination of the system of exploitation of man by man," the armed workers of Paris valiantly fought against

the government troops. This signaled the first great civil war between the proletariat and the bourgeoisie, a heroic struggle waged by the proletariat to wipe out the capitalist system. After five days of bloody fighting the uprising ended in failure because of the great discrepancy in relative strength between the contending sides. After the abortive June uprising the bourgeoisie retaliated in a frenzy and Paris was submerged in a bloodbath. However, the great class struggle practice of the June uprising made the working class realize the "futility of seeking a slight improvement of their condition within the framework of the bourgeoisie republic and the likelihood of turning this kind of idle idea into something criminal once it is put into practice." Accordingly, the working class used a bold slogan instead, that is, a call to "overthrow the bourgeoisie and exercise a working class dictatorship." (Selected Works of Marx and Engels, Vol. I)

When the abortive June uprising was condemned by the bourgeoisie in various European countries and the petty bourgeois revolutionists were in despair, great revolutionary teacher Marx came forward to defend the brilliant achievements of the June uprising. He shouted in the spirit of revolutionary optimism, "The revolution is dead. Long live the revolution!" (Selected Works of Marx and Engels, Vol. I) And he predicted: "A new revolution is possible only after the appearance of a new crisis. But the advent of a new revolution, like that of a new crisis, is inevitable." (Ibid.) This brilliant thesis penetratingly illustrated the dialectical relationship between economic crisis and political revolution, and has been vividly proved by more than a hundred years of history; it will forever inspire the proletariat to fight for the overthrow of the capitalist system.

Facts are exactly so!

Crisis is inevitable, despite the lies fabricated by bourgeois apologists to defend the capitalist system. Vainly trying to negate the possibility of capitalism bringing about a crisis, they did their best to cover up the real causes of the outbreak of crises or sought a panacea for averting them. However, crises did break out with ever increasing intensity. After the economic crisis of 1847, worldwide economic crises struck in 1857, 1866, 1873, 1882 and 1890. Among the crsises which occurred in the 19th century, the economic crisis of 1873 was the gravest. It greatly accelerated the concentration of capital and production and fostered the formation and development of monopolistic organizations. Since then, free capitalism began to assume the pattern of monopolistic capitalism. At the turn of the century, 1900-03 and 1907 were marked by worldwide economic crises, with the same pattern repeated during 1920-21, 1929-33 and 1937-38. Of these the 1929-33 economic depression was the gravest and the most acute of all previous economic crises in the capitalist world, a sustained crisis lasting four years and pounding at the capitalist world as a whole. Concurrent with this crisis were crises of a particularly grave nature affecting industrial and agricultural production of the capitalist world, with the result that a drop of 44 percent in output and a slump of 66 percent in the total volume of trade were registered. The number of totally unemployed people in the capitalist world during 1933 reached 30 million. After World War II the cyclical period of economic crises encompassing the capitalist world became shorter and better, while

the crises became more and more acute. Iron-clad facts have shattered the lies of bourgeois apologists, a biting mockery of the "enduring prosperity" myth about the capitalist system. The judgment of history is that only after the capitalist system has been uprooted can economic crisis be eliminated.

Just as new crisis is inevitable, revolution also cannot be avoided. This is because the contradictions of capitalist society will invariably manifest themselves in the form of fierce confrontations and conflicts, violent class struggles. The capitalist system itself in no way can resolve this kind of contradiction and only through socialist revolution can it be completely solved. Hence, as long as the capitalist system exists revolution is inevitable. The intensification of the contradictions inherent in the capitalist system will invariably lead to the bursting of ever growingly acute economic crisis, which in turn will often bring about a revolutionary upsurge. Marx pointed out: "No serious revolution in Europe at the beginning of the 18th century was not proceeded by commercial and financial crises." (Selected Works of Marx and Engels, Vol.II) History has proved Marx's brilliant thesis. The workers' uprising at Lyons in 1834 and the second upsurge in the English parliamentary reform movement in 1842 were caused by work stoppages and accompanying poverty in France and England at the time. The Revolution of 1848 was so and later developments followed the same pattern. The failure of the Paris Commune of 1871 was accompanied by a period of "peaceful" development in the capitalist world in Europe. Bourgeois apologists at the time jubilantly trumpeted the idea that the "revolution has been buried" and that bourgeois domination could "survive forever." Soon afterward, however, the capitalist world witnessed in 1900-03 the outbreak of a massive economic crisis. Under the impact of this crisis, the Revolution of 1905 broke out in Russia, the focal point of the contradictions of the capitalist world. This was followed by democratic revolutions which swept across Asia and affected Turkey, Persia and China. Didn't history make a pitiless mockery of the bourgeois apologists? At the turn of the century the crises encompassing the capitalist world had raged to such an extent that the fierce conflagration of revolution alternately engulfed the center of imperialism and its colonies and satellites. This so harassed imperialism that it was nearing its demise.

The economic crisis of capitalism will spur the development of the people's revolutionary struggles, which will in turn aggravate the economic crisis of capitalism. As long as the people of the world are united, persist in struggle and keep to the correct Marxist-Leninist line, they will assuredly bury the capitalist system and uproot what has brought about economic crises. Today, the historical torrent of countries wanting independence, nations wanting emancipation and the people wanting revolution is irresistible. Although the road of revolution is long and tortuous, "sooner or later revolution will break out and will certainly win victories." (Chairman Mao, Speech at the meeting of the Supreme Soviet of the Soviet Union celebrating the 40th anniversary of the Great October Socialist Revolution)

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The Proletariat and the Bourgeoisie in the Revolution of 1905

- Some observations on the study of Two Tactics of Social-Democracy in the Democratic Revolution

by

Jen Ching (任菁)

(Hsüeh-hsi yü P'i-p'an [Study and Criticism], No. 11, November 20, 1974)

The Russian Revolution of 1905, a bourgeois democratic revolution with the proletariat as the standard-bearer, pounded at the cornerstone of the tsarist autocratic government with the shattering force of a hurricane. Reading Two Tactics of Social-Democracy in the Democratic Revolution (hereafter Two Tactics for short), written by Lenin during the revolutionary upsurge, and analyzing the class relations between the proletariat and the bourgeoisie in this revolution would be helpful to our study of the different aspects of class struggle in various revolutionary periods in history.

Lenin once proudly called the Revolution of 1905, which broke out at a time when major capitalist countries of the world had entered the imperialist stage, a bourgeois democratic revolution "stamped with the mark of the proletariat and the peasantry." Although Russia, a state combining monopolistic capitalism with the vestiges of serfdom, had joined the ranks of imperialism the remaining influence of feudalism remained strong internally. Under the barbarous rule of the tsars, serf-owners and aristocrats, the workers suffered from the hardships brought by the capitalist system as well as the bitterness that had come from the tsars, serf-owners and nobles. Working 14 to 15 hours a day, they still found it difficult to get sufficient food and adequate clothing. The peasants fared even worse as they were placed under the yoke of the serf-owners and landlords and were thus denied all political rights and freedom. Facts show that uprooting the deep-rooted influence of the remnant forces of feudalism called for a tempestuous revolution to sweep and flush clean the land of Russia.

The Revolution of 1905 was precisely a bourgeois democratic revolution in response to this social urge. However, it was the proletariat which formed the vanguard and main force of this revolution. The workers of Petersburg on January 9, 1905 were the first to hold massive processions and demonstrations. With the proletariat having bravely fired the first shot of the bourgeois democratic revolution, hundreds of millions of the toiling masses rapidly rallied around the fighting banner. This was accompanied by the rise of the revolutionary peasants who of their own accord got organized and demolished the farmsteads of landowners, expelled the rural police and village heads. Even the rank and file of the tsarist imperial army turned around their guns and hit back before they joined the ranks of the people. When the revolution was in progress the proletariat had created the workers representative Soviet, which became the

organizational form of proletarian dictatorship that was later to emerge from the October Socialist Revolution. In addition, the workers were to lead in October a general political strike all over Russia and in December an armed uprising. Their slogan "Down with the autocratic system," however, was subordinate to the bourgeois democratic revolution within its framework. At this juncture the remnant forces of feudalism represented by the tsars became so apprehensive and bitter about the revolution that they spared no efforts to suppress it, even raving about the "unsparing use of bullets" to completely put down the revolution. Surprisingly, the bourgeoisie likewise was not in favor of the bourgeois democratic revolution which was to clear the way for capitalist development. They apprehensively urged the tsarist government to take prompt steps to stem the spread of a "revolutionary tragedy." Even other bourgeois governments in Western Europe were taken aback and urged tsarist Russia to stabilize "order" as speedily as possible.

How after all should we view this strange occurrence in history?

Lenin once said, "In analyzing any social problem, an absolute prerequisite of Marxist theory is to raise the question to a particular historical perspective." During the Revolution of 1905 there were contradictions and strivings in the worker and peasant masses' opposition to the tsarist autocratic rule and in their resistance to bourgeois exploitation and oppression, in addition to the contradictions between the bourgeoisie and the tsarist government. These contradictions encompassing a number of related issues presented a mighty picture of a complicated class struggle. In this decisive battle on a major scale each class invariably appeared with vastly different political attitudes on the basis of its own class interests and approach.

The tsars, serf-owners and landlords were bitter about the Revolution of 1905. Their bitterness manifested itself in a common desire to snuff out the fierce revolutionary conflagration at one stroke. However, in order to concentrate all forces on the worker and peasant masses that constituted the main force in their opposition to feudalism, the bourgeoisie was tactically drawn into the counter-revolutionary holy alliance. The so-called "Declaration of October 17" was a product of this counter-revolutionary tactic. In this "declaration" the tsar in a lofty gesture espoused the cause of freedom and pretended to admit that the people were not denied freedom of religious beliefs, of speech, of meeting and of assembly. However, this was merely a change of facial expression while the counter-revolutionary motive behind the mask remained unchanged.

The Russian bourgeoisie in the Revolution of 1905 was in an awkward fix. Since from beginning to end the Russian bourgeoisie was part of the tsarist autocratic rule, they were more inclined to compromise and more reactionary than the bourgeoisie in the ascending stage of capitalism. In the face of the steady decline of the tsarist system, the liberals among the bourgeoisie began to grumble in secret and under some pretext urged the tsar to introduce some minor reforms before it was too late, an attempt at achieving a constitutional monarchy. The Revolution of 1905 was therefore

looked upon as something to intimidate the tsar and as a means to obtain political power. On the other hand, however, the Russian bourgeoisie had countless ties with the tsarist government. They took advantage of tsarist authority to oppress the workers and amassed great wealth by relying on the tsarist policy of colonization. Their representatives had filled positions in the tsarist government and were able to make useful connections with the official circles. Thus they "sorely need the tsarist system and its police bureaucracy and military power to oppose the proletariat and the peasantry," doing their best to give the moribund tsarist government a shot in the arm. Proceeding from this standpoint, the bourgeoisie bitterly resented the Revolution in 1905 and employed every means to nip the revolution in the bud. As soon as the "Declaration of October 17" was made public, the bourgeoisie in glowing language painted a rosy picture of the constitutional monarchy. And once they were in the tsarist fold they resorted to every conceivable means to hinder the revolution from advancing. In short, the Russian bourgeoisie dismally lacked the courage of their illustrious forerunners, being powerless to launch a bourgeois revolution and instead doing everything possible to impede the advance of this revolution. In Two Tactics, Lenin said that in the bourgeois democratic revolution the proletariat must "strictly watch" the bourgeoisie as if it were "dealing with the enemy."

In the Revolution of 1905 only the proletariat was the "most advanced and the only thoroughly revolutionary class." After lighting the flames of revolution with undaunted spirit, it pushed the revolution forward step by step amid circumstances beset with difficulties and hardships. When the tsarist government had formed a counter-revolutionary holy alliance with the bourgeoisie in an attempt to strangle the revolution in its cradle, only by toppling the tsarist government, the principal enemy, and carrying the torch of the bourgeois revolution all over Russia could the proletariat create conditions for its own emancipation. Hence, during the Revolution of 1905 the Russian proletariat from beginning to end directed the spearhead of struggle at the tsars, representing "the most powerful prop of the barbarous institution." The moment the curtain of the revolution was raised, the proletariat unhesitantly issued the "Down with the Tsar" slogan. Although the revolution was put down by the tsar's artillery and machineguns, the proletariat unswervingly cautioned its fighters to "put aside your weapons" and "strike another stunning blow" at the "vicious system resented by the whole country" which would hasten its "collapse." To carry the Revolution in 1905 to completion, the proletariat directed the spearhead of struggle not only at the tsarist autocratic government but also at the bourgeoisie which had collaborated with the tsarist regime. When the bourgeoisie implored the remnant forces of feudalism for reform and declared that the final objective of the revolution was the establishment of a constitutional monarchy, the proletariat unambiguously called for the formation of a republic in a completely bourgeois democratic revolution and declared the people would elect a parliament to replace the tsarist government. When the bourgeoisie was persuaded by the tsar to draft the so-called "laws of the duma (that is, parliament)" without legislative power, the proletariat promptly and firmly resisted it.

The bourgeoisie on the other hand took advantage of increased commodity prices and reduced wages of the workers to accommodate and please the tsar. This was opposed by the proletariat-led Soviet which directly issued a series of decrees to expose and oppose the bourgeois compromise with the tsar, a move which pushed the Revolution of 1905 forward in breadth and depth. By combining the struggle against the bourgeoisie with that against the tsarist autocratic rule, the proletariat was then meeting the needs of completely uprooting the forces of feudalism. In this sense, the Revolution of 1905 served as an iron broom for sweeping away the remnant forces of feudalism as well as an iron fist for hitting at the bourgeoisie. It was this revolution that "for the first time made known to the tsarist government, the Russian landowners and the Russian bourgeoisie that hundreds of millions of Russians had become citizens and fighters who would no longer tolerate being taken for stupid people and black bones oppressed by others."

In the Revolution of 1905 the progressive forces enmeshed with the reactionary forces fought at close quarters. On the basis of the universal truth of Marxism, great teacher Lenin scientifically analyzed the basic contradictions prevailing in Russian society and wrote Two Tactics, a brilliant Marxist document. The revolutionary path, in Lenin's view, is invariably traversed step by step. As the "degree of economic development of Russia (an objective condition) and the degree of class consciousness and organization of the broad masses of the proletariat (a subjective condition inseparably connected with objective condition), make the immediate complete emancipation of the working class impossible," a revolution that erupted in such historical circumstances could only be a bourgeois democratic revolution. The difference between this revolution and previous bourgeois revolutions among West European countries, Lenin noted, lay in the role played by the proletariat in the Revolution of 1905 as commanders and fighters, "without yielding leadership in the revolution to the bourgeoisie." Only by accomplishing this could the proletariat fulfill the task of the bourgeois democratic revolution which the Russian bourgeoisie was totally incapable of tackling. The first step on the revolutionary path, in Lenin's view, should be closely related to the second step. Only by completing the first step, that is, carrying the bourgeois democratic revolution to completion, could the Russian proletariat "turn against the bourgeoisie with guns which the bourgeois revolution will place in their hands, the liberty which the revolution will bring, the democratic institutions which will spring up on the ground that is cleared of serfdom." In other words, the proletariat must promptly take the second step and change the bourgeois democratic revolution to a socialist revolution.

In Two Tactics, Lenin also underlined the need for getting a firm hold of scientific methods when one recognized a complicated class struggle situation. He said, "In a concrete historical environment elements of the past and the future were interwoven while the two roads, one before and the other after, crossed each other." The Revolution of 1905 and the socialist revolution were two different things, with the former enmeshed with the latter in many respects. It is precisely this

that enabled the Russian proletariat in the bourgeois democratic revolution to carry out the historical task of toppling the tsarist autocratic rule as well as conducting an experiment in socialist revolution that was opposed to bourgeois oppression. Lenin held that failing to see this point and insisting on "using the pharmacy's scale to determine accurately where serfdom ends and where capitalism in its pure form begins is no better than imposing one's pedantic application of learning on the Marxist."

Are not Lenin's teachings most enlightening to us when we are engaged in analyzing class relationships in various revolutionary periods in history?

* * *

A Tentative Discussion of the Main Danger of Restoration During the Former Western Han Period

by

Kuo Chih (郭志)

(Hsüeh-hsi yü P'i-p'an [Study and Criticism], No. 11, November 20, 1974)

The Western Han was an important period during which the newly rising landlord class had consolidated and expanded its political power based on the system of centralization of state authority initiated by Ch'in Shih Huang. At this juncture the struggle between the forces for restoration led by the slave-owning class and the forces against it led by the landlord class was still most violent, with the focal point of the struggle remaining one for or against the prefectual system.

The Han was preceded by the Ch'in, a period marked by China's first landlord class administration based on the centralization of state power. This central administration came into being and began to mature in the storm of acute class struggle between restoration and counter-restoration. Ch'in Shih Huang implemented the Legalist ideological and political line. He had done much to sternly put down the counter-revolutionary restorationist activities of the slave-owning class economically, politically and ideologically. However, the fledgling landlord class regime after all was ill prepared to understand sufficiently the danger arising from the restorationist forces of the slave owners, which sought to subvert the landlord class dictatorship from within the central administration. This resulted in the Chao Kao usurpation of power after the death of Ch'in Shih Huang and the subsequent collapse of the Ch'in empire during the reign of the Second Emperor. However, anything savoring of regression and division was totally unacceptable to the people. A major peasant uprising which occurred at the end of the Ch'in period smashed Chao Kao's attempt to turn back the wheel of history. This cleared the way for the advent of the Western Han empire of the newly rising landlord class.

After summing up the historical experience of the Ch'in's struggle against restoration, the Western Han landlord class administration formulated harsh revolutionary measures. These included forcible transfer of the slave-owning class away from their domains, thereby serving to curb their economic and political strength derived from their hereditary ranks and privileges. Slave owners in commerce were required to pay double taxes and prohibited from wearing clothes made of silk or carrying weapons for self-defense. They were also forbidden to ride in a carriage or on a horse, own private plots and become an official in any capacity. The establishment of government monopolies in the vital industries of salt, iron and wines as well as minting thus deprived the remnants of the slave-owning class of the lucrative trades on which they had depended for their survival. The adoption of other ruthless measures, such as confiscation of property, banishment, torturing and even decapitation, contributed to

the assured implementation of these revolutionary measures. As a result, the remnants of the slave-owning class were economically and politically subjected during the Western Han period to much heavier blows than the Ch'in era. This all the more encouraged them to look for political agents within the landlord class and pin their hopes for restoration on the newly emerging restorationist forces within the landlord class.

Representing the counter-revolutionary restoration-oriented interests of the slave-owning class at the time were princes and dukes of various principalities, fiefs granted by the reigning sovereign.

In the early Western Han Emperor Kao-tsu Liu Pang conferred the princely title on descendants with or without kinship ties with the House of Liu. This was viewed by some as a reactionary and regressive step. Actually, "the course of history was never inflexible and absolute." (Marx: The Poverty of Philosophy) Regarding this, analysis must be made on the basis of specific historical conditions which prevailed at that time. When the remnants of the slave-owning class led by Hsiang Yü became blatant, senior generals like Han Hsin, Ying Pu and P'eng Yüeh asserted their right to titles and fiefs by virtue of their meritorious services in the military field. Having no choice, Liu Pang was obliged to make some "concessions" as far as the situation as a whole would permit him to do so, not without caution. In time of war when the strength of the fiefs became unduly powerful, Liu Pang would see to it that their crack troops were transferred, a move designed to curb their strength and forestall the likely expansion of regional influence to the extent of challenging central authority. Once the war against Hsiang Yü was brought to a close, Han Hsin, Prince of Ch'i, was immediately relieved of his command of troops and transferred from his base at Ch'i, which he had built up with elaborate care. This undoubtedly struck a telling blow at Han Hsin's revolt plot.

After the founding of the Han empire, the main danger of restoration came from those who had rendered "meritorious services" to Liu Pang's empire building and unification cause. These princes who had acquired a certain amount of political and military advantages would thus oppose any attempt at progress and unification. Liu Pang handled this matter with circumspection. For instance, he relieved Han Hsin of his former title and changed it to Prince of Ch'u. Even when Han Hsin continued to plot an armed insurrection at Ch'u, Liu Pang had him arrested but released him soon afterward. He was accorded polite treatment and given a new title, Marquis of Huaiyin. Later Han Hsin collaborated with King of T'ai, Ch'en Hsi, in an attempt to start a revolt with inside support. But the plot was foiled by the central government. Subsequent attempts by other princes having no kinship ties with the House of Liu to rise in revolt against the central administration were all aimed at coveting the throne.

After eliminating those princes not related with the House of Liu in lineage, Liu Pang supplanted them with those of the Liu lineage. This measure was in fact thrust upon the throne for purposes of expediency at a time when the authority of the central administration had not effectively

reached every part of the empire. Having learned a lesson from the revolts of the princes, Liu Pang ordered the transferring of major powers, such as making senior government appointments, formulation of laws and decrees, movement of troops, from the fiefs to the central administration. Furthermore, since most of the princes were then not coming of age, the controlling powers at various fiefs to a certain extent were wielded by senior officials assigned there by the throne. This measure achieved the effect of consolidating the system based on the centralization of state authority following the elimination of dissident princes and gave the Han imperial court a breathing space after the wars. However, Liu Pang had naturally cherished the idea of consolidating the House of Liu he himself had founded on the basis of lineage, a move which not only illustrated the influence of old traditional ties on the newly rising landlord class and certain limitations imposed on the early Han rulers in the process of summing up the historical experience of the fall of the Second Emperor of Ch'in, but also demonstrated the need for going through twists and turns and making comparison and conducting experiments before revolution could forge ahead. After the death of Liu Pang it was exactly the fiefs and princes directly affiliated with the House of Liu -- fiefs and princes that were created for the express purpose of combating divisions, consolidating the central administration in general and the House of Liu in particular -- that posed the main danger to the founding of the Han Dynasty based on the system of centralization of state authority and brought the House of Liu to its collapse. This was Liu Pang's principal enemy, the chief adversary of his lifelong dedication to the unification cause and the progressive line he had espoused.

As far as lineage was concerned, the descendants of the House of Liu may be called a new breed of the newly rising landlord class. However, these Liu offspring took advantage of such lucrative practices as minting and making salt from the sea water to seriously undermine the foundations of the budding feudal economy. It was precisely these people who issued decrees without imperial authorization and in total disregard of the central administration, and who accommodated large numbers of the remnants of the slave owners and provided them with shelter. It was also these people who made no attempt to keep the remnants of the slave owners under restraint by taxing them as Liu Pang had decreed. Instead, they were permitted to develop the feudal economy based on the slave system without fear of being apprehended by central officials. And it was exactly these people who employed large numbers of Confucianists and installed them in responsible positions, in contravention of the consistent practice of the central administration since the time of Emperor Kao-tsu of Han, and who conspired to forge imperial and other seals and collaborated with external foes in sparking the rebellion of the seven states including Wu and Ch'u and the conspiracy of Huainan and Hengshan. In a word, they pursued a regressive, splittist and restorationist line, one that was altogether contrary to the line espoused by the Han emperors such as Kao, Hui (Lü), Wen, Ching and Wu. This line represented in concentrated manner the interests of the remnants of the slave-owning class which then had been politically overthrown. This development amply illustrated that a new force for restoration was then emerging from within the newly rising landlord

class. The princes who were identified with the rightist restorationist forces stemming from their own ranks were enmies even more dangerous than the remnants of the slave owners in society. This was abundantly clear to those landlord class statesmen who had foresight. In his memorials to Emperor Wen, Chia I strongly urged moves to uproot them. Ch'ao Ts'o went a step further. He advised Emperor Ching to curb the powers of the princes and forestall the lurking danger of delayed rebellions which were even more insidious than immediate ones. Sang Hung-yang bluntly pointed out that the princes in collaboration with the remnants of the slave owners had built up their private power bases to harbor treacherous and rebellious intentions.

The rightist restorationist forces bitterly resented the senior officials of the imperial court for their firm implementation of the Legalist line of the newly rising landlord class represented by Liu Pang. Citing certain natural phenomena such as the appearance of comets and locusts, they twisted these happenings to mean something else for the purpose of uprooting the reformist forces. It should be pointed out here that when they started a counter-revolutionary coup they did so in the name of "Emperor Kao" to hurl accusations at the reformist forces such as trying to "alter Emperor Kao's decrees."

Who after all was trying to oppose Kao-tsu of Han and his line? Was it the reformist forces of the landlord class which were advancing along the Legalist line formulated by Liu Pang or the restorationist forces which were resisting the Legalist line and doing its best to disrupt the reform and unification cause of the landlord class? Clearly it was the latter. The Legalist line was characterized by adaptability to changing circumstances. When the newly established landlord class dictatorship was still not consolidated yet, only by pressing ahead along the Legalist line could the fruits of this line be upheld. In actual struggle which prevailed at the time unfurling the banner of "conservatism" on "moral" grounds often could be more effective than hoisting the banner of "reaction" and "restoration." The effectiveness of this approach was obvious when leftist personalities of the landlord class, like Ch'ao Ts'o and Sang Hung-yang, met their death when the restorationist forces attacked in the name of "conservatism" and other pretexts. The object of rightist "reckoning," as a matter of fact, was not just Ch'ao and Sang, who were "close to the sovereign." Repudiating them was merely designed to disavow the Legalist line pursued by Liu Pang. After the death of Ch'ao Ts'o, Emperor Ching dispatched an emissary to see Liu Pi, Prince of Wu, with word that since Ch'ao Ts'o was dead his troops should be withdrawn. Liu Pi, however, replied with a smile: "I am now the Eastern Emperor." He continued with his rebellion. This was a case in point.

Why did these princes of newly rising landlord class origin become the principal foes to their fathers' life-long devotion to the unification cause and as implacable enemies of their parents, by serving as the political representatives of the slave-owning class? This poses a major problem deserving our study.

The demise of an institution in history was not as simple as the death of an individual. To bury the dead system did not mean the matter was closed. Its corpse would inevitably decompose and rot in the new institution, with its toxic and stinking odor contaminating and eroding the sound growth of the new system, corrupting the new revolutionary class. In the former Western Han period the existence of the remnants of the slave-owning class and the prevalence of their powerful force of habit in the political, economic and ideological spheres became the internal factor responsible for the coming into being of the new restorationist forces. The threat of incursions into China's borders by the Huns and other slave owners was the external cause. These, however, were merely external factors. The transformation of the princes -- that is, the new landlord class generation -- into the political representatives of the slave-owning class was dictated by internal causes, the fiefs themselves providing the princes with vast political privileges. While Liu Pang at the time was forced to confer titles on his kinsmen, the move after all embodied the lingering vestiges of the old institution in a new society. Since any new society originates from the old one, the former at its inception is bound to retain traces of the latter. This is not surprising, it is even necessary. However, the necessary existence of the vestiges of the old society is out of step with the advance of the new society. Every forward step taken by the new society tends to lessen the need for the lingering on of the vestiges of the old institution. During the Western Han period the princes who were directly affiliated with the House of Liu did try to maintain their own "independent kingdoms." As such, they would do everything possible to uphold and extend their acquired privileges and vested interests. Their social status determined their conservative stand, an approach that was invariably opposed to the correct line in favor of progress and unification espoused by the central administration of the newly rising landlord class in its ascending stage. On the question of line, "either the East wind prevails over the West wind, or the West wind prevails over the East wind." If the Legalist line of the newly rising landlord class in favor of revolution, progress and unification was not implemented within the Western Han ruling class, then the Confucian line of the reactionary, regressive and declining slave-owning class would invariably prevail. Influenced by this reactionary Confucian line, the descendants of the House of Liu had to unite closely with the remnants of the slave-owning class in order to keep and expand the interests derived from their acquired privileges. This made the princes directly affiliated with the House of Liu repudiate the newly rising landlord class and become the political representatives of the remnants of the slave-owning class. If they really succeeded in usurping the central administration, the inevitable result would have been a major regression in history, splits on a vast scale within the empire, and reaction in society. This would have been accompanied by a historical farce in which the new slave-owning class would direct the old slave-owning class dictatorship. The transformation of the new generation of the rising landlord class into the restorationist forces of the slave-owning class during the Western Han period amply illustrated the truth that "the correctness or incorrectness of the ideological and political line decides everything" -- a factor which likewise determines changes in class relationships. Class as a concept has nothing to do with kinship. As an

economic and more a political concept, it manifested itself most clearly during periods of major changes in history. As landlord class revolutionists in the early Han period, the Legalists naturally could not have consciously sensed the implications of this concept.

The great struggle between the newly rising landlord class and the forces of regression, splits and restoration espoused by the princes closely affiliated with the House of Liu during the former Western Han period was marked by a formidable and tortuous course. This is because the emergence of the new restorationist forces championed by the princes having close kinship with the House of Liu became the main danger to the implementation of the Legalist line advocating revolution, unification and progress by the newly rising landlord class, which gradually became oriented to the lurking danger as it came to a head.

During the reign of Emperor Kao-tsu of Han, the newly rising landlord class viewed the threat from the fiefs in a low profile. Liu Pang exemplified the approach whereby the dissident princes were to be suppressed by princes of the same house. Although the central administration had then deprived the fiefs of three major powers, the princes upon coming of age managed to regain these powers. Many of them had weaned themselves from central control and even expelled central officials. This virtually did away with the restrictive rules and regulations drawn up by Liu Pang in the early years of his reign. By the time Emperor Wen ascended the throne the economic and political strength of the fiefs had expanded considerably to seriously threaten the authority of the central administration. Chia I's proposal to divide the vassal states into smaller fiefs to be granted to the descendants of the princes to curb their powers, however, was not put into force. As a result, the political privileges of the princes remained basically unchanged. During Emperor Ching's reign the rebellion of the seven states, a revolt conceived by Liu Pi, Prince of Wu, and under preparation for more than 30 years finally erupted. This rebellion demonstrated that measures previously adopted by Liu Pang to curb the expanding powers of the princes, regardless of their kinship with the House of Liu, were ineffective in the solution of problems. At the core of these unresolved problems was the failure of the reigning monarch to strip the princes of their immense political privileges, which fostered the implementation of the reactionary Confucian line. As long as these privileges were not withdrawn, the threat to the correct line of the central administration was ever present. Accordingly, Emperor Ching introduced changes to the vassalage institution after he had ruthlessly put down the rebellion of the seven states. The new system which restored central control over the vassals struck stunning blows at the princes who had formerly wielded immense powers, such as administration of their respective principalities. By the time Emperor Wu held the reins of government, the economic problem had become the principal contradiction. Because the newly rising landlord class since the reign of Ch'in Shih Huang had directed its blows at the slave-owning nobles and imposed only political restrictions on the slave owners in commerce, the latter by and large retained their economic strength. Using the vassal states as shelter and the princes as their political representatives, these wealthy merchants collaborated with the princes in monopolizing

the lucrative trades of minting and making salt. They controlled the economic lifeblood of society and indulged in hoarding to challenge the central administration to an intolerable extent. Following the smashing of the conspiracies of Huainan and Hengshan, Emperor Wu enforced government monopolies in the vital industries of salt and iron (later control of wines) and minting. On the basis of scoring a major victory in the economic sphere, Emperor Wu took steps to curb the powers of the vassal states. He also dispatched officials to place the princes under surveillance. Once irregularities were discovered they were reported to the central administration to be dealt with severely. Since then the vassal states became no better than prefectures.

As the powers of the princes were curbed after protracted and repeated struggles lasting for more than a hundred years during which reforms were progressively introduced, the empire was increasingly unified and the system of centralized power significantly consolidated.

History serves as a mirror. From the struggle of the Western Han landlord class to consolidate its political power we can see that the two-line struggle within the newly rising landlord class was in fact a continuation of the protracted class struggle between the newly rising landlord class represented by Shao Cheng Mao and the declining slave-owning class represented by Confucius over the past 400 years under a new situation in which the landlord class strove to consolidate its political power. It was likewise a continuation of the protracted struggles between the Legalist and Confucian lines. The nascent restorationist forces represented by the princes having kinship ties with the House of Liu in fact did not represent the interests of the landlord class itself, but those of the declining slave-owning class. Their contradiction with the newly rising landlord class and the vast numbers of the peasantry was an antagonistic contradiction. As a matter of fact they were the agents of the declining slave-owning class inside the newly rising landlord class. As such they were more dangerous than the remnants of the slave-owning class operating openly in society.

Of course, the struggle of the landlord class to consolidate its power was essentially a movement in the interest of a handful of people. This cannot compare with the movement of the proletariat which takes upon itself the task of emancipating the whole of mankind and in the interest of the vast majority of people of the world. However, understanding the process in ancient China of having one exploiting system replaced by another and comprehending how the newly rising landlord class won the final victory after going through innumerable reversals, twists and turns, failures and restorations is undoubtedly and to a certain extent helpful to our understanding of the protracted, tortuous and complex nature of class struggle.

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